Appendix No. 1.

APPLICATION FOR LOAN.

From

SECRETARY,

CO-OPERATIVE SOCIETY NO.

Thro,

The Secretary Local Co-operative Union Ltd.

To,

The Secretary Local Co-operative Central Bank Ltd.

Hospet.

Sir,

I request you will be kind enough to obtain for the..... ... ... a loan (in words).....

.....from your Bank.

This loan will be repayable with in ..... months.

2. I append below the usual particulars showing the fiinancial condition of the Bank.

3. A copy of the resolution of the Board of Management authorising the obtaining of the loan is enclosed.

Yours Truly,

Office of the Co-operative Society.
Dated,.....192 .

Secretary.

10

Office of the L.B.E.C.S Ltd.,

Harapanahalli,

Dated 23rd October 1 9 3 5.

To

The Head Master, Board High School,

Harapanahalli.

Sir,

With reference to your C.R. 235/35/16-9-35 in reply to my L. No 3/16-9-35 retransmitted to me on 8-10-35, I have herewith taken the consent of the folowing members. I request you to withhold their dues mentioned against their names every month.

Yours obediently,

K. Srinivasa Rau

Secretary.

We hereby authorise the Head Master, Board High School, Harapanahalli, to withhold our dues every month from out of our salaries.

1.	M.R.Ry	S. Seshagiri achar	Rs.	12- 2-0	(sd)S.Seshagiri achar
2.	"	G. M. Kotrabasiah	"	11- 6-0	(sd)G.M.Kotrabasiah
3.	"	B. R. Siddageerappa	"	6-10-0	(sd)B.R.Siddaveerappa.
4.	"	A. Venkoba Rao	"	13- 6-0	(sd)A. Venkoba Rao
5.	"	B. Narasinga Rao	"	5- 0-0	(sd)B. Narasinga Rao
6.	"	R. Kulasekharam			
7.	"	K. Krishna Murthy Rao.		All the amount of the supplemental bill plus Rs 5 for this month and Rs 10 from next month.	(sd)K. Krishna Murthy Rao.
8.	"	Rama Bhatt Joshi.		Rupees seventy two and annas thirteen from out of my supplemental bill and Rs 10 from next pay and the last two instalments at Rs 20 each.	(sd)Rama Bhatt Joshi.

(True copy)

K. Srinivasa Rau

Secretary.

11/

Secretary

6

7/11

Liquidation - appeal from the President of the Local Board Employees Cs of Strandpanchalle, Bellary Dr; S

23.1.35

Encl No 447 & 11 Js - 1, D 6-11-35

Referred to the Rly Cs for early remarks.

To the Rly Cs with petition & copy to be returned.

6/11/35

5-11-35

To Cs

The appeal is in time.

The draft Encl is for approval.

The ind. of liquidation was passed on 23.1.35 pbc

5/11/35

Mrs Abt permission to with-draw as a declaration may be taken after the Rly's remarks have been received.

with enclosures

Dr. 7/1/35

Dr. 7.11.35

6/11/35

Received 7/11

Dev. 5440-III

17-12-35

C.P. 30.

Co-operative **DEPARTMENT.**

Received ..... 19 *Registered* 19

Subject.

Liquidation - Harpanahalli Local Board Employees Co-operative Society, Bellary district - Cancellation of registration - appeal.

ENCLOSURES.
No. .....
.....
Spare copies .....

F. No. 7526/35

Station Chepauk, Madras, *Dated the* 11th December 1935.

From (Name) T. Austin Esquire, I.C.S.,

(Designation) Registrar of Co-operative Societies.

To The Secretary to the Government of Madras,

Development Department.

Fort St. George, Madras.

Sir,

Ref: Endorsement No.4478-III/35-1 dated 6-11-1935.

The Deputy Registrar of Co-operative Societies, Bellary inspected the Harpanahalli Local Board Employees Co-operative Society in July last and found that its working was not satisfactory. He ordered on enquiry into its affairs under section 38 of the Act. The report of the enquiry revealed that the working of the society was very bad, that loans had been given indiscriminately, that prompt steps were not taken to collect the heavy overdues from the members, that 13 out of the 15 members on rolls were defaulters, that 5 out of 7 directors were defaulters, that the provisions of the bylaw regarding Individual Maximum Borrowing Power and of Rule XVIII

P.T.O.

regarding defaulting directors were set at naught and that book adjustment of loans had been resorted to very freely. He recommended the cancellation of its registration and the registration of the society was cancelled by the Joint Registrar on 5-10-35.

2. The appellants state that the society has been working at a profit, that book adjustments of loans were not resorted to, that the heavy overdues from the members were due to the fact of their not having received their pay promptly, that steps were taken to collect the overdue loans, that the present directors are not defaulters, that the obligations to the financing bank and the depositors were fulfilled, that the financial condition of the society is sound and that a sum of Rs.155 has been invested under Reserve Fund in the Central Bank. They therefore urge that the registration of the society may be restored.

3. It is true that the society has been working at a profit. But the profits were made by resorting to book adjustment of loans including interest. This vicious practice was carried on till the members' borrowings reached the maximum limit. Even after the orders cancelling the registration of the society were issued, the society issued two loans by adjustment on 10-10-35. The society cannot legitimately take credit for having worked at a profit and the statement of the appellants that book adjustment of loans has not been carried on cannot be substantiated.

The heavy overdues of members are attributed to their not having received pay promptly. On the date of enquiry out of Rs.1960/- due by members Rs.1218 were overdue and they have been overdue from 1933 onwards. The pay of the members was being disbursed every month promptly except that for the months of October 1934 to February 1935 which was disbursed on 18-3-1935. Though the new scales of pay took effect from 1-11-34 the difference between the new scale of pay and the then pay of the employees in the old scale was treated as personal pay. Their remuneration therefore

continued to be same. Non-disbursement of pay and introduction of new scales of pay cannot be accepted as an excuse for the heavy overdues. The existence of such heavy overdues belies the statement of the appellants that prompt steps have been taken against defaulters to recover their loans.

At the time of the enquiry the society owed to the Central Bank Rs.198/- and to the depositors Rs.1,200/-. The loan due to the Central Bank and Rs.100 due to a depositor have been paid since the issue of the order cancelling the registration of the society. The claim of another depositor for Rs.100 which was due for payment on 31-7-35 has not yet been settled. It is not therefore true to say that the society repaid Rs.200 under deposits.

When it was pointed out to the society that the directors were defaulters and could not continue on the directorate under Rule XVIII it promptly passed a resolution giving extension of time for the repayment of the overdue loans. It was again pointed out that extension could not be granted for loans which had already become overdue. The directors kept quiet without taking any action. After the issue of the cancellation orders the society has reconstituted the directorate bringing in non-borrowers, evidently with a view to make out a case for appeal.

When the overdues are heavy and when default in repayment of loans is wilful the financial condition of the society cannot be said to be sound. The society cannot take credit for having invested Rs.155/- under Reserve Fund. It has yet to invest a sum of Rs.130/- which the appellants have not discretely mentioned in the appeal.

4. The society has not been helping all the local board employees. Though membership is open to all local board employees and there are 40 such employees in Harpanahalli itself, besides the teachers of the local Board High School, the ~~so~~

P.T.O.

society was monopolised by the staff of the High School. The membership was 24 in 1925 and it has come down to 15 now. The other local board employees have joined other societies to get credit accommodation. The secretary of this society was also the secretary of the union. He has not been able to set right matters in his own society. There is no need for such a small society the working of which also is not good. I therefore request Government to confirm the orders cancelling its registration.

5. The appeal petition and this office D.Dis.6713/35 are submitted herewith.

I have the honour to be,
S i r,
Your most obedient Servant,

A.K.R./16-12.

For Registrar.

16/12.35

Dist Dept.

Deputation — Local Board Employees Coop. Society — Harpanahalli — appeal.

To CS

Please see the appeal from the members of the Local Board Employees Coop. Society, Harpanahalli, Bellary Dt. against the order of the Regr. CS cancelling the registration of the society. The remarks of the Regr. on the appeal will be found at pp. 12-15 cf. pp 1-10 cf. p 6 cf. pp 12-15 cf. pp 12-15 cf. para 3. pp 14-15 cf. p 15 cf.

2. It will be seen from the Regr's report that the society has not been working well, that the directors allowed the overdue to accumulate and did not fulfil the society's obligations to depositors. It will be seen from para 3 of the Regr's report that the members were getting their pay regularly from March 1933 and that there was no reduction in their remuneration. The Regr considers that there is no need for such a small society which is not working well. The society did not cater to the needs of all the Local Board employees in Harpanahalli but only was confined mainly to the staff of the High School. There does not appear to be a case for interference with the order of the Regr. Subject to orders a draft order is submitted for approval.

Plan 23/12 24/12
Orders 24/12
11 AM 24/12 J.M.2
9 AM 28.12.35
22/12/35 23/12/35 23/12/35 S 24/12

C.F. 16.

DRAFT FOR APPROVAL.

Date. Initials.

SUBJECT :— Co-operative Societies

When received for fair copying .. 28/1/36

When copied .. 31/1

When examined .. 31/1

When signed .. 31/1

When despatched.

Liquidation - Local Board Employees Co-op. Society. Harpanahalli - Bellary Dt. - appeal - rejected

READ AGAIN , dated 19

" " " 19

READ *ALSO* :—

No. 4478 of 35 From the members of the Local Board Employees Co-op. Society, Harpanahalli, dated 23/10/35 19 pp 7-10 cf

" " Sent to the Reg. C.S No. 4478 of 35-11, dated 6-11 1935 p 11 cf

" " From the Reg. of C.S No. F. 3526/35 dated 11. 12. 35 19 pp 12-15 cf

Order / Resolution — Ms. / Rout. No. 12, dated 3 . 1 . 1936.

The Govt. find no grounds for interference with the order of the Reg. C.S cancelling the registration of the local Board Employees Co-operative Society, Harpanahalli, Bellary Dt, which is hereby confirmed.

23/12

Dpr's i . . . Dated 7/1/1936

To the President, Local Board Employees ~~Co-op~~ Co-op. Society, Harpanahalli, Bellary Dt. in Sub form (by Regd post)

23/12/35

Copy to the Reg. C.S with his office file at (R) reference

23/12/35

28/12/35